

# Lap Kei Engineering (Holdings) Limited 立基工程（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 1690



# 2017

Environmental, Social and  
Governance Report

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Lap Kei Engineering (Holdings) Limited

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### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2017

#### GENERAL

This report covers certain environmental and social responsibility aspects underlying the Group's business operations in Hong Kong during the year ended 31 December 2017 and is prepared with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**ESG Reporting Guide**").

The Company has complied with the "comply or explain" provisions set out in the ESG Reporting Guide during the year ended 31 December 2017. For details of the Group's financial performance and corporate governance matters, please refer to other sections in the annual report of the Company for the year ended 31 December 2017.

#### STAKEHOLDERS ENGAGEMENT

The Group focuses on developing the long-term value for its stakeholders, who comprise the Group's employees, customers, investors, suppliers and contractors, and the community. The Company interacts with stakeholders through various channels to understand the views of various stakeholders and collect their feedback, in order to better satisfy their demands and expectations. Our communication channels with our stakeholders include company website, annual general meeting, annual reports and interim reports, staff meetings, customers and suppliers meetings, etc.

#### GROUP POLICIES RELATING TO ENVIRONMENTAL PROTECTION

##### Emissions

Our Group engages in the construction industry which may generate some hazardous waste due to the business nature, the Group takes all reasonable step to closely monitor and manage the environmental effect of the operations. The Group targets to minimise the impact on the environment and always seeks less harmful ways to the environment in the operations. The Group has adopted the emission control measures, included but not limited to: i) use of ultra-low sulphur diesel for plants and generators; ii) use of non-road mobile machinery approved with EPD label; iii) use of air compressor and hand held percussive breaker with noise emission label; iv) trip-ticket system to record disposal of construction waste to disposal facilities; and v) open burning is prohibited in all sites. During the year ended 31 December 2017, the Group did not identify any material non-compliance related to emissions.

	2017	2016
<b>Air Emission</b>		
<b>Types of air emissions and respective emission data</b>		
NO <sub>x</sub> (kg)	<b>0.1</b>	0.1
SO <sub>x</sub> (kg)	<b>0.05</b>	0.05
PM (kg)	<b>0.01</b>	0.01
<b>Carbon dioxide equivalent (CO<sub>2</sub>e) Emissions</b>		
Direct Emission (Scope 1) (tonnes)	<b>10.0</b>	9.3
Indirect Emission (Scope 2) (tonnes)	<b>46.0</b>	40.2
Indirect Emission (Scope 3) (tonnes)	<b>9.6</b>	9.5
Total Emission (tonnes)	<b>65.9</b>	59.0

### Use of Resources

The Group is committed to have an environmental friendly working environment. The Group advocates to reducing the consumption of fuel, electricity, water and improving the resource efficiency by way of, inter alia, the following measures: i) the Group encourages its employees to switch off the lights and electronic appliances before they leave the office; ii) the Group encourages its employees to set the temperature of the office's air conditioner to 25.5 Degree Celsius; iii) the Group encourages its employees to use double-sided printing instead of single-sided printing; iv) the Group arranges the surplus materials on the construction site to be re-used in other construction sites instead of dumping; v) the Group encourages its employees to save water and reduce domestic sewage and water-saving notices are placed in office area; and vi) the Group ensures the water supply is at its optimal working condition, and promptly repairs the water supply in the event of leakage.

In 2017, there is no water fetching problem in our daily business.

## Use of Resources

	2017	2016
<b>Electricity Intensity</b>		
Total Electricity consumption (kWh)	<b>73,020</b>	63,804
Electricity Intensity (kWh/Staff/Day)	<b>2.062</b>	1.784
<b>Water Intensity</b>		
Total Water consumption (m³)	<b>37</b>	42
Water Consumption Intensity (m³/Staff/Day)	<b>0.001</b>	0.012

## The Environment and Natural Resources

The Group is fully aware of the environmental impacts that may arise during our business process. The Group regularly provides internal trainings and briefings in order to spread the practical tips and information about the environmental friendly action to its management and employees in order to minimise the impact of the business on the environment.

## EMPLOYMENT

The Group regards people as its greatest asset. To underline this fact, the Group has established clear policies and guidelines to attract and retain talent. The Group places a significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. The Group delivers a fair and safe working environment for employees to support their career advancement and also fosters their personal development.

### Summary of employment performance indicators:

	2017		2016	
<b>Number of Employees</b>		<b>100</b>		110
<b>By Gender</b>				
Female	<b>7</b>	<b>7%</b>	8	7%
Male	<b>93</b>	<b>93%</b>	102	93%
<b>By Age</b>				
18 or below		<b>0</b>		0
19 to 40		<b>55</b>		64
41 to 60		<b>39</b>		41
Over 60		<b>6</b>		5

## Diversity

2017					
Number of Employees by Employee Category	Gender		Age Group		
	Female	Male	19 to 40	41 to 60	Over 60
Management	1	11	5	6	1
Technical/Supervisor	2	37	27	10	2
General staff	4	45	23	23	3

2016					
Number of Employees by Employee Category	Gender		Age Group		
	Female	Male	19 to 40	41 to 60	Over 60
Management	1	11	5	6	1
Technical/Supervisor	2	27	24	5	0
General staff	5	64	35	30	4

## Turnover Rate

2017		2016
<b>Number and Rate (%) of Employee Turnover By Gender</b>	<b>26/100 (26%)</b>	25/110 (23%)
Female	0/7 (0%)	2/8 (25%)
Male	26/93 (28%)	23/102 (23%)

## HEALTH AND SAFETY

### Summary of Health and Safety Performance Indicators

2017		2016
Work-related fatalities (Case)	—	—
Lost days due to work injury (Day)	116	3

The Group places the highest priority on securing occupational safety and health of all the employees. More than complying with relevant occupational safety and health legislations of Hong Kong, we endeavour to protect the employees from work-related accidents/injuries.



### *Safety Audit*

Safety audits were conducted periodically in office (corporate level) and on site (project) according to the statutory requirements of Factories and Industrial Undertakings (Safety Management) Regulation (Cap. 59AF of the laws of Hong Kong), to check the efficiency, effectiveness and reliability of the safety management and set up plan for further improvement actions.

During the year ended 31 December 2017, the Group has not identified any material non-compliance cases relating to health and safety.

## **DEVELOPMENT AND TRAINING**

The Group believes that people development plays the most pivotal role in laying a solid ground for business growth. The Group encourages long-term growth and career development by allocating sufficient resources to people development. Besides on-the-job training, employees are encouraged to participate in internal and external training to strengthen their capacity, work skills, knowledge and professionalism.

### **Summary of Development and Training Performance Indicators**

2017				
By Employee Category and Gender	Total Training Hours		Total Percentage	
	Female	Male	Female	Male
Management	2	46	100%	18%
Technical/Supervisor	0	105	0	16%
General staff	0	932	0	4%

2016				
By Employee Category and Gender	Total Training Hours		Total Percentage	
	Female	Male	Female	Male
Management	2	32	100%	18%
Technical/Supervisor	9	624	50%	28%
General staff	0	468	0	2%

## **LABOUR STANDARDS**

The Group strictly complies with the Employment Ordinance (Cap. 57 of the laws of Hong Kong) and fully understands that employing child labour and forced labour is prohibited. The Group reviews the job applicant's identity information during the recruitment process and the applicant is also required to provide document proofs of academic qualifications and working experience for verifications. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all the employment relationship is established on a voluntary basis. During the year ended 31 December 2017, the Group has not identified any non-compliance cases involving child labour and forced labour and complied with all relevant laws and regulations relating to employment and labour practices.

## SUPPLY CHAIN MANAGEMENT

### Sustainable Procurement

To ensure the Group's service quality, our policy in relation to the subcontractors and suppliers is to select only those subcontractors and suppliers on an approved list who have passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. The Group aims to maintain the partnership with suppliers and to work together in order to promote sustainable development of the industry. The Group performs the evaluation of a supplier on an annual basis to make sure that the performance of the subcontractors and suppliers are up to the standard. The assessment mainly includes, but not limited to, the professional qualification, services/products quality, financial status, operation in good integrity, social responsibility, etc. If the evaluation result of the suppliers or subcontractors are not satisfactory, the respective suppliers or subcontractors may be removed from the approval list.

	2017	2016
<b>Number of key suppliers/subcontractors</b>	<b>383</b>	294
<b>By region</b>		
Hong Kong	<b>383</b>	294

## PRODUCTS RESPONSIBILITY

The Group recognises the importance of the quality of the services provided by our Group. The Group has established relevant policies which cover service quality and safety in order to ensure relevant measures for complying with the applicable laws and regulations.

The Group communicates and confirms the work plan with customers before the commencement of the project and actively monitors processes and coordinates with the customers. For the year ended 31 December 2017, the Group has not had any material complaints or request to terminate projects due to poor quality and safety. If a complaint arises, the Group will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

The Group also recognises the importance of the intellectual property right. The management and relevant department review the contracts entered into with customers and suppliers to ensure the intellectual property rights are properly accounted for. The Group also complies with relevant law and regulation of data privacy. All confidential data of customers can only be assessed by the staff who are responsible for the projects for relevant clients.

For the year ended 31 December 2017, the Group has not identified any non-compliance cases relating to product responsibility.

## **ANTI-CORRUPTION**

The Group realises the importance of staff integrity. The Group strictly forbids any bribery, extortion, fraud and money-laundering activities. We have established the Code of Conduct ("**CoC**") for all employees. With reference to the Prevention of Bribery Ordinance (Cap. 201 of the laws of Hong Kong), advice from the Independent Commission Against Corruption (ICAC), industry practice and internal consideration, CoC is made for the purpose of providing employees with the guidance for allowable acceptance of gifts or entertainment, conflict of interest, handling of confidential information, and whistle-blowing procedure. In line with the CoC, the Group has also provided training and briefings on anti-corruption in the construction industry.

Employees are also required to comply strictly with applicable laws relating to the above acts. The Group has adopted and circulated internally clear guidelines for employees. During the year ended 31 December 2017, the Group has not received any complaint or notification from governmental authorities regarding non-compliance of the Group or its employees with anti-corruption laws referred to above.

## **COMMUNITY INVESTMENT**

### **Supporting Education**

The Group firmly believes that investing in youth education is crucial for the long-term sustainability of the Group and the industry. Thus, we provided internship programme for undergraduate students through practical working experience to support talent development.

### **Caring for the Society**

Corporate social responsibility via staff volunteerism, philanthropy and community service are the core values of the Group. We have actively participated in charitable donations, caring for people in need, as well as supporting and sponsoring educational and environmental protection activities.